



Quality is Our Bottom Line

FTR

## Insurance Committee Public Hearing

Tuesday, March 4, 2014

### The Connecticut Association of Health Plans

#### Testimony Submitted Regarding SB 279 AA EXPANDING HEALTH INSURANCE COVERAGE FOR HEARING AIDS

While every mandate under consideration by the legislature is laudable in its intent, each must be considered in the context of the larger debate on access and affordability of health care and now must also be viewed in the context of federal health care reform and the applicability of the Patient Protection and Affordable Care Act of 2010 (PPACA).

Please consider recent testimony submitted by the Department of Insurance relative to other mandates considered which urges the Committee to understand the future financial obligations that new or additional health insurance mandates may place on the State of Connecticut and taxpayers stating that:

*In simple terms, all mandated coverage beyond the required essential benefits (as will be determined by HHS) will be at the State's expense. Those costs may not be delegated to the individual purchaser of insurance or the insurer.*

With implementation of the Exchange, we must be careful not to price Connecticut citizens out of the market. Please consider that:

- Connecticut has approximately 49 mandates, which is the 5<sup>th</sup> highest behind Maryland (58), Virginia (53), California (51) and Texas (50). The average number of mandates per state is 34. (OLR Report 2004-R-0277 based on info provided by the Blue Cross/Blue Shield Assoc.)
- For all mandates listed, the total cost impact reported reflects a range of 6.1% minimum to 46.3% maximum. (OLR Report 2004-R-0277 based on info provided by the Dept. of Insurance)
- State mandated benefits are not applicable to all employers. About 65% of CT's residents are self-insured and not subject to mandates, leaving approximately 35% of our residents, namely small employers, to bear the brunt of the costs. (OLR Report 2004-R-0277)

- The National Center for Policy Analysis (NCPA) estimates that **25% of the uninsured are priced out of the market by state mandates**. A study commissioned by the Health Insurance Assoc. of America (HIAA) and released in January 1999, reported that "...a fifth to a quarter of the uninsured have no coverage because of state mandates, and federal mandates are likely to have larger effects. (OLR Report 2004-R-0277)
- **Mandates increased 25-fold over the period, 1970-1996, an average annual growth rate of more than 15%**. (PriceWaterhouseCoopers: The Factors Fueling rising Healthcare Costs- April 2002)
- National statistics suggest that **for every 1% increase in premiums, 300,000 people become uninsured**. (Lewin Group Letter: 1999)
- "According to a survey released in 2002 by the Kaiser Family Foundation (KFF) and Health Research and Educational Trust (HRET), employers faced an average **12.7% increase in health insurance premiums** that year. A survey conducted by Hewitt Associates shows that employers encountered an **additional 13% to 15% increase in 2003**. The outlook is for more double-digit increases. **If premiums continue to escalate at their current rate, employers will pare down the benefits offered, shift a greater share of the cost to their employees, or be forced to stop providing coverage.**" (OLR Report 2004-R-0277)

Thank you for your consideration.